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August 4, 1993

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. James Quello  
Chairman  
Federal Communications Commission  
1919 M. Street, N.W.  
Washington, DC 20554

**Comments on the "Industry Proposal for Compatibility Between  
Cable Systems and Consumer Electronics Equipment"  
ET Docket No. 93-7**

Dear Chairman Quello:

After reviewing the Cable-Consumer Electronics Compatibility Advisory Group's Filing, we would like to register several comments. In summary, they are:

- **Standards:** We fully endorse the proposals to develop digital standards for the future. These are essential to protecting the consumer's investment in future purchases.
- **Compatibility:** The short term compatibility proposals are totally inadequate. We believe the Commission must require cable systems to provide "In the Clear" signals into the home through the use of existing and/or new technologies (traps, interdiction, broad-band descrambling). This is the only approach that clearly meets the Cable Act's intended goal of restoring the full functionality of the consumer's home video equipment.
- **Commercial Availability:** The joint filing does not sufficiently address Congress' clear intent that all in-house equipment be freely available in the commercial marketplace and subject to the benefits of vigorous competition.

We urge you to require cable companies to fully implement the law in all three of these areas.

**STANDARDS**

- First, we endorse the joint proposal to develop a clear definition of the term "cable ready" for video products. Such a standard has long been needed in the industry. Unfortunately, because of the total lack of standardization between existing cable systems, it is impossible for any television to be truly "cable ready" in all environments today.

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- Thus, secondly, we also strongly endorse the proposal to develop a Hybrid (Analog/Digital) Decoder Interface with which all cable systems would be required to be compatible. The consumer should be able to make an informed choice to purchase televisions which include this feature. They should further be certain that their selection of this feature will allow them to use all of the other functions and features of their video equipment without interference while viewing cable programming.

We urge the Commission to mandate an expedited timetable for the development of this interface, and to require all cable systems to be made compatible with this standard within one year after it is established.

- Finally, we strongly endorse the proposal to develop standards for a digital environment, including both decompression and a national renewable security standard. We urge the Commission to set a definite timetable for the development of these standards and to require cable company adherence to them once established.

Unfortunately, we find the joint filing silent or unacceptably unspecific in several other critical areas addressed by the legislation. We believe these areas are critical to protecting the consumer's investment in existing video equipment and to assuring the full benefit of vigorous competition in the provision of future equipment:

### COMPATIBILITY

The proposals for short-term measures to assure compatibility of cable systems with existing video equipment fall far short of those required by Sec. 17 of the Communications Act. The Act specifically requires that cable systems be required to be made compatible with video equipment to assure the usability of advanced functions such as multi-channel viewing, multi-channel taping, and picture-in-picture viewing.

The industry filing proposes the use of combinations of existing equipment and wiring arrangements to achieve this: RF by-pass wiring, converters with built in timers, multiple converters. The only thing new in this proposal would be the development of an RF by-pass plug or circuitry to simplify by-pass wiring.

This proposal has four shortcomings:

- it requires additional complexity, hardware and expense for the consumer
- it provides no explicit assurance that cable companies will not force consumers to use, and to pay for, converter boxes which contain redundant functions already existing in their consumer electronics equipment

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- it does nothing to restore the functionality of the consumer's own remote control. Indeed, in the case of dual converter boxes used to watch/record two scrambled channels, it eliminates the ability to use any remote control effectively, given that both boxes would respond simultaneously to the same remote.
- it provides no assurance against increased signal scrambling by cable companies, which could require even basic-only subscribers to bear the cost and loss of functionality that accompanies a converter box.

The technology exists today for cable companies to meet the requirements set forth in the law by providing "In the Clear" signals through the use of traps and interdiction devices. Further, promising technology exists which would allow broad-band descrambling of analog signals. The industry filing rejects these viable options without considering the consumer benefit involved.

Over \$70 billion worth of televisions and VCR's have been purchased by U.S. consumers over the last 5 years; at least another \$40 billion will be purchased over the next 3 years before a Hybrid Decoder Interface is available. Virtually every piece of this equipment has its functionality in some way impaired by the use of scrambling and converter boxes. Even the most conservative estimate would accord a multi-billion dollar value to these impaired functions (remotes, picture in picture, watch/record, and record/record). This establishes a significant consumer benefit beyond the cost of using these "In the Clear" approaches. This consumer benefit is enhanced by the elimination of the need to pay for converter boxes and converter remotes.

We urge the Commission to require cable systems to provide "In the Clear" signals to the home through the use of a combination of these technologies. This is the only approach that clearly meets the Cable Act's intended goal of restoring the full functionality of the consumer's home video equipment.

#### COMMERCIAL AVAILABILITY

Finally, the industry proposal does not explicitly address key provisions of the legislation regarding the commercial availability of equipment. Specifically, the requirement that the FCC promote commercial availability of converter boxes and remotes (Sec. 624A(C)(2)(C)) is not addressed at all.

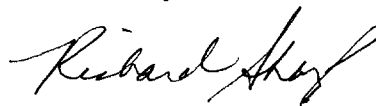
Further, there is no assurance that, once a national renewable security standard is developed, all necessary circuitry other than a "smart card" or appropriate descrambling software can be incorporated in equipment competitively supplied in the open marketplace.

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We believe that Congress clearly intended that consumer choice and benefit be maximized by mandating that all in-home equipment be freely available in the commercial marketplace and subject to benefits of vigorous competition. We urge you to require cable companies to fully implement this intent.

We thank you for your consideration of these comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Sharp".

Richard L. Sharp

cc: William F. Caton  
Acting Secretary  
Federal Communications Commission